

Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EB-03 INR-05 CIAE-00 NSC-05

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TO SECSTATE 1301

INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L KINSHASA 1291

LIMDIS

E.O. 11652: GDS

TAGS: ECON, EFIN, CG

SUBJECT: ZAIRE'S FINANCIAL SITUATION: BALANCE OF PAYMENTS

REF: STATE 029584 (A)

STATE 027788 (B)

KINSHASA 1228 (C)

A-30 (D)

1. OVER WEEKEND, WE RECEIVED LASTEST CENTRAL BANK BALANCE OF
PAYMENTS STATISTICS THROUGH UNOFFICIAL CHANNELS.

ALL BEING PUCHED VIA REF D. DO NOT QUOTE IN PUBLIC
DOCUMENTS. CENTRAL BANK ESTIMATES 1974 BALANCE OF PAYMENTS
ON FINANCIAL SETTLEMENT BASIS AS FOLLOWS: (ALL IN MILLIONS
OF ZAIRES)

	CREDIT	DEBIT	SURPLUS/DEFICIT
TRADE BALANCE	745.8	512.7	PLUS 233.1
SERVICES	72.5	225.6	MINUS 153.1
TRANSFERS	18.4	53.2	MINUS 34.8
CAPITAL	21	112.7	MINUS 91.7
TOTAL	857.7	904.2	MINUS 46.5
CHANGE IN NET FOREIGN ASSETS			MINUS 46.5

2. OUR OWN ESTIMATE ON FOREIGN EXCHANGE RECEIPT SIDE
AND ONE WHICH IS SUPPORTED BY MONTHLY STATISTICS OF
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BANK THROUGH NOVEMBER, 1974 SHOWS CREDIT SIDE TOTALING

ONLY Z756.8 MILLION. WE DO NOT QUARREL WITH EXPENDITURE SIDE OF ABOVE TABLE, BUT USING BANK'S ESTIMATE OF EXPENDITURES AND OUR MORE LIKELY VERSION OF CURRENT (REGULAR RECEIPTS WOULD GIVE DEFICIT OF Z147.4 MILLION. WE FIGURE ADDITIONAL Z100 MILLION CREDIT IN BANK ESTIMATE INCLUDES PROCEEDS OF GOLD SWAP IN OCTOBER (Z12 MILLION) AND GOLD SALE IN DECEMBER (Z88 MILLION). PROCEEDS OF SWAP, OF COURSE, HAD TO BE REPAYED AND PROCEEDS OF SALE WENT TO REPAY BIS LOAN, WHICH IN TURN WAS SPENT PER PARA 1, ABOVE.

3. COPARISON OF IMPLICATIONS

OF CENTRAL BANK'S ESTIMATES PARA ONE ABOVE RE DECLINE IN NET FOREIGN ASSETS BY Z46.5 (BROKEN DOWN BY CENTRAL BANK AS MINUS Z53.1 MILLION FOR CENTRAL BANK AND PLUS Z6.6 MILLION FOR COMMERCIAL BANKS) WITH SEPARATE CENTRAL BANK STATISTICS THRU NOVEMBER 1974 SHOWS AGAIN THAT PARA ONE ESTIMATES REFLECT GOLD SALES/LOANS/SWAPS (ALL IN MILLIONS OF ZAIRES).

1974 ESTIMATES (PARA ONE) DATA THRU NOV. 1974

DECLINE IN NET	MINUS 46.5	MINUS 74.6
FOREIGN ASSETS		

OF WHICH*

-CENTRAL BANK	MINUS 53.1	MINUS 72.9
-COMMERCIAL BANKS	PLUS 6.6	MINUS 1.7

NET FOREIGN ASSETS

AS OF DEC. 31, 1974.	PLUS 63.8	PLUS 35.6
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OF WHICH:

-CENTRAL BANK	PLUS 39.4	PLUS &***.6
-COMMERCIAL BANKS	PLUS 24.4	PLUS 16.2

4. ONLY WAY CENTRAL BANK COULD ESTIMATE ITS OWN NET FOREIGN ASSETS AS OF END 1974 AT Z39.4 MILLION WOULD BE BY COUNTING THE 400,000 OUNCES OF GOLD LEFT AFTER EARLY DECEMBER SALE REVALUED AT RATE OF \$165 PER OUNCE AND BY REDUCING ITS FOREIGN LIABILITIES BY OVER HALF.
WE KNOW THAT GOZ DID IN FACT MAKE SIGNIFICANT DEBT SERVICE
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PAYMENTS TO FOREIGN BANKS IN NOVEMBER.

BUT OUR INFORMATION, LIKE THAT IN REF (B), IS THAT Z33 MILLION FOR LAST SALE OF 400,000 MILLION OUNCES HAS BEEN SPENT SINCE END OF YEAR.

5. REF (A) ASKED FOR CLARIFICATION OF SCOPE OF BALANCE OF PAYMENTS PROBLEM. FOREGOING GIVES OUR

CALCULATIONS WHICH, IN CONJUNCTION WITH INFORMATION
FROM EXCELLENT BELGIAN, BRITISH, FRENCH, AND*:XAIRIAN SOURCES, LEAD US TO BELIEVE THAT GOZ IS NOW
LIVING OFF CURRENT FX REVENUES. FX ESTIMATED AT Z35 MILLION PER
MONTH) REFINE OUR GUESS (KINSHASA 691) AS TO WHAT CURRENT REVENUES
EXPENDITURES ARE LIKELY TO BE OVER NEXT MONTHS.
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